Office of Consumer Information and Insurance Oversight

**State Planning and Establishment Grants for the
Affordable Care Act's Exchanges**

Reporting Templates

Quarterly Project Reports

Date: October 28, 2011

State: South Dakota

Project Title: Health Insurance Exchange

Project Quarter Reporting Period: Quarter 4 (7/1/11 – 9/30/11)

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Award number: 1 HBEIE100002-01-00

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Project Summary
Please provide a narrative description (about 5-10 sentences) describing your progress so far in planning activities under each core area. We would like to know what activities you have undertaken to date and what you plan to undertake in the next quarter. Please refer to the Reference section at the end of this template for some examples of what you could include under each core area.

Core Areas
Background Research

In January, 2011 Governor Dennis Daugaard assumed office for his first term as Governor of South Dakota.   South Dakota's planning grant has been modified to assure consistency with his overall philosophies.

An internal work group made up of staff from the Office of Governor (including the Lt. Governor), Department of Social Services, Department of Labor and Regulation, Department of Health, Bureau of Information and Technologies, Bureau of Finance and Management, and the Bureau of Personnel was formed.

South Dakota's previous administration issued a RFP in 2010 to select a vendor to conduct background research.   Governor Daugaard signed a contract with Market Decisions, LLC and it is in effect. The internal work group will be meeting with Dr. Robertson, Director of Research with Market Decisions. This meeting will be used to review the following: core and optional survey areas, question topics specific to a health insurance exchange, derived concepts from the survey, sampling plan and methodology, and project timeline and deadlines.

The internal work group determined that the Division of Insurance would conduct the small business survey to determine the number of businesses currently providing health care coverage, the challenges associated with providing health coverage, and the features of an exchange which would make it a beneficial insurance market place for small businesses.

Existing data resources including the Behavioral Risk Factor Surveillance System, Current Populations Survey, and other sources of information have been catalogued and analyzed. Statutory and regulatory exchange requirements have also been catalogued.

Two statewide surveys were conducted during the third quarter. Market Decisions, LLC conducted the individual and family survey. The South Dakota Department of Labor and Regulations Labor Market Information Center conducted the small business survey. State agencies involved in the exchange planning grant, which include the Office of the Governor, Department of Social Services, Department of Health, and the Department of Labor and Regulations are currently reviewing the draft survey results.

The results from the two surveys conducted were finalized during the fourth quarter.
Market Decisions - Individual and Family Survey Results
- Market Decisions conducted telephone interviews with 2,530 randomly selected South Dakota households and obtained data from 6,157 South Dakota residents during the interviews.
- The results of the survey showed that 62% of South Dakotans (503,327 people) are covered by private insurance, 13% are covered by Medicaid or South Dakota Medical Benefits, including those that have coverage in Medicaid combined with coverage from another source (109, 121 people), 16% are covered by Medicare (132, 756 people), and 5% are covered by military health insurance (43,662 people).
- The survey also determined that 8.8% of South Dakotans are uninsured (71,204 people). Individuals aged 19-24 were most likely to choose not to purchase insurance, followed by individuals age 25-34. At the time of the survey, 26% of individuals age 19-24 were without insurance and 17% of adults age 25-34 did not have insurance. Native American adults were also uninsured at a high rate. 42% of this population was uninsured at the time of the survey. It is important to note that Indian Health Services was not considered health insurance for the purposes of the survey. The top reasons cited by the uninsured for not purchasing insurance were cost, job loss by a member of the family, an employer

that stopped offering coverage, and a denial of coverage by an insurer because of a pre-existing condition.

- In addition, the survey estimated the number of individuals that would be eligible, based on their income, to receive tax credits to purchase insurance on the exchange, and those that would be eligible to receive Medicaid under the new federally mandated Medicaid eligibility standards. Beginning on January 1, 2014, most adults with an income up to 138% of the Federal Poverty Level will be eligible for Medicaid. The survey found that 31% of the individuals with only private health insurance or 147,804 people will be eligible for tax credits to purchase insurance on the exchange. It is estimated that 48,564 individuals will be newly eligible to enroll in Medicaid in 2014. In addition, there are approximately 5,500 individuals in South Dakota that are currently eligible for, but not enrolled in Medicaid.

South Dakota Department of Labor and Regulations Labor Market Information Center (LMIC) - Small Business Survey Results

- LMIC sent out a survey to all businesses in South Dakota that reported that they offered health insurance to their employees in a 2009 survey conducted by the LMIC. In total, the 2011 survey was sent to 709 companies. A response was received from 85% of these businesses.
- Of the 605 businesses that responded to the survey, 447 offered private health insurance to full time employees, defined as individuals that work 40 hours per week, and 74 offered private health insurance to part time employees. A total of 556 companies offered dependent health insurance to full-time employees and 136 offered dependent health coverage to part time employees.
- Only 2% of the companies that responded to the survey indicated that they had stopped providing health insurance for their employees since 2009. The survey found that 25% of the companies that responded self-funded health insurance coverage, while 75% provided coverage through a private insurer. Companies that self-fund their insurance policies set aside funds to pay claims rather than paying premiums to insurers.
- The survey provided additional information about the contribution made by employers to cover the cost of their employees' health insurance coverage. Of the responding businesses, 39% contributed 100% toward the cost of their full time employees' health insurance premiums, 51% contributed 50-99%, 7% contributed 1-49%, and only 3% of firms contributed 0%. The average employer contributed 73% toward the cost of each full-time employee's health insurance coverage.
- Employers are also contributing to the cost of insurance coverage for part time employees. The survey showed that 32% of responding businesses contributed 100% toward the cost of their part time employees' health insurance coverage, 51% contributed 50-99%, 7% contributed 1-49%, and 3% contributed 0%. The average employer also contributed 73% toward the cost of each part time employee's health insurance coverage.
- In addition, the survey showed that many employees that are offered health insurance coverage from their employer choose not to enroll in it. Of the 60,093 full time employees offered health insurance benefits, 40,804 or 68% enrolled. Of the 6,493 part time employees offered employer sponsored health insurance coverage, 1,619 or 25% enrolled.

The Internal Work Group provided a report to the Governor in October 2011, summarizing South Dakota's exchange planning efforts and the Health Insurance Exchange Task Force recommendations. This report included the results from the two surveys conducted along with Navigant Consulting's Health Insurance Exchange report.

The Governor is currently reviewing this information to determine how South Dakota will proceed with the exchange process.

Stakeholder Involvement

The state team developed several options to structure formal stakeholder involvement for the planning and development of the exchange. These ideas were presented to then Governor-elect Daugaard and his transition team. Governor Daugaard chose to develop a large taskforce, similar to prior stakeholder groups assembled in South Dakota, to address both coverage for the insured and the development of recommendations for the state's long term care delivery system. This task force will have several subgroups focusing on areas such as operations and financing an exchange, outreach and communication, and insurance plan and market organization. Representation has been sought and received from small businesses, insurance agents, insurance companies, health care providers, consumer advocates, state agencies, and state legislators, Tribes, and Indian Health Services.

Two stakeholder task force meetings were conducted during the third quarter. On May 19th the members gathered and reviewed the parameters and timelines to guide them through the planning process, a health insurance exchange summary was provided, the members were divided into three subcommittees, and the subcommittee co-chairs provided an overview of their committee objectives. On June 21st the three subcommittees gathered and continued to work on their objectives and recommendations. On June 22nd the full task force met and was presented with information on South Dakota's health insurance exchange website, Utah's exchange, a presentation from Navigant Consulting on project approach, timing and update on progress of other states. The subcommittee co-chairs discussed their committee objectives and provided updates to the full task force.

A third meeting was held on July 19th. The task force members were provided with an update on the recently released HHS proposed rules from the Lt. Governor. Dr. Brian Robertson, Director of Research with Market Decisions, LLC presented the draft results from the individual and family survey. Bernie Moran, Director of the Department of Labor and Regulation's Labor Market Information Center presented the draft results from the small business survey. The three subcommittees also met separately to work on their recommendations.

The final Stakeholder task force meeting was held on August 16th. Subcommittees met to finalize their recommendations for a South Dakota exchange. The subcommittee co-chairs presented the committee recommendations to the full task force for approval. No recommendations were made regarding whether the state should run a health insurance exchange or not. The task force's recommendations followed the seven key parameters the Governor set forth at the beginning of the planning process which included:

1. An Exchange must be a "Market Facilitator";
2. An Exchange must provide for benefit eligibility interconnection/interface for state benefit assistance determination such as CHIP and Medicaid;
3. An Exchange shall not be operated with state taxpayer funds, but the state will continue to fund expenses related to Medicaid and CHIP eligibility determinations;
4. One statewide exchange will be created to serve both the individual and small group markets, but the two may be separated for risk adjustment purposes;
5. The state should pursue opportunities to share functionality and technology with other states;
6. An exchange should provide more insurance options for consumers, rather than replace the current private market. South Dakotans must be able to purchase policies outside of an exchange just as they are able to today; and
7. The decision on any exchange governance structure will be within the sole discretion of the Governor.

Program Integration

Ensuring strong integration between existing programs and the exchange is vital to the seamless movement of beneficiaries between the exchange and outside programs, regardless of the governance structure chosen by the State of South Dakota. To adequately prepare for an exchange, planning grant dollars will be used to foster program integration through an assessment of the current Medicaid and CHIP programs. This assessment will analyze the eligibility determination and claims payment functions as well as the authority of the Division of Insurance to regulate insurance, taking into consideration new authority provided under the Patient Protection and Affordable Care Act. Once these assessments are complete, the team will evaluate interface points between the exchange and existing programs in order to determine if any changes to existing programs are required to facilitate a seamless transition between Medicaid and the exchange and a seamless process for certifying qualified health plans.

During the third quarter the SD Bureau of Information & Telecommunications (BIT) signed a contract with Navigant Consulting, Inc. Navigant met regularly with BIT, the Division of Insurance, and the Department of Social Services to assess and analyze the eligibility determination and claims payment functions of our state Medicaid and CHIP programs.

During the fourth quarter, the Department of Social Services, Bureau of Information and Telecommunications, and Navigant evaluated interface points between the exchange and existing programs to identify any changes needed to facilitate a seamless transition between Medicaid and the exchange and a seamless process for certifying qualified health plans.

A more extensive analysis will be required during the next phase of exchange planning to determine how the Medicaid and social services programs will integrate into an Exchange portal.

Resource Capabilities

In order to execute the necessary planning activities listed in the South Dakota Timeline and Work Plan, the state has employed key staff members and a contractor to accomplish the goals of the planning process.

The state has identified the following agencies and positions involved in planning for an exchange:

> Governor's Office
> - Exchange Project Manager – hired
>
> Department of Social Services
> - DSS Exchange Project Manager – hired
> - DSS Exchange Specialist – hired
> - DSS Exchange Technical Specialist – hired
>
> Department of Labor and Regulation, Division of Insurance (all three positions filled with current employees)
> - DOI Assistant Director of Policy Analysis/Legislation
> - DOI Assistant Director of Compliance
> - DOI Policy Analyst
>
> Bureau of Information and Telecommunications –
> - 4 analyst positions filled by current employees
>   - BIT Eligibility Systems Analyst
>   - BIT Medicaid Systems Analyst
>   - BIT Financial Systems Analyst
>   - BIT Insurance Systems Analyst
> - BIT Project Management and Web Portal Expert (contractor) – hired

During the third quarter, the SD Bureau of Information & Telecommunications (BIT) signed a contract with Navigant Consulting, Inc. Navigant conducted agency interviews with the Department of Social Services, Division of Insurance, BIT, and the Department of Health to obtain information about current state programs.

During the fourth quarter, Navigant Consulting submitted their Health Insurance Exchange report. This report indicated an exchange will require highly-skilled individuals both employed and sourced by the state and that South Dakota must prepare to find the necessary talent for staffing and executive positions.

Navigant Consulting provided a sample of exchange staffing levels to assist South Dakota in determining what exchange positions may be needed to operate an exchange.

Governance

The Governor will decide the governance structure based on approved and final regulation and applicable law.

Finance

The first, second and third quarterly reports were submitted.

During the third quarter, the South Dakota exchange website was supplemented with task force meeting materials, quarterly reports, and the list of task force members. The website is located at www.healthreform.sd.gov/. This website will be used to provide transparency throughout the exchange planning process and additional information will continue to be added.
Contracts paid for with planning grant funds can be viewed on the South Dakota Open Government website at http://open.sd.gov/ .

During the next planning phase for the exchange, a plan for exchange budget financial transparency will be developed and financial modeling will be conducted. An analysis of accounting methods and auditing standards will be undertaken to determine which is most appropriate to meet the financial integrity requirements of the PPACA. Accounting functions will be defined and a decision made to determine if South Dakota will use an off the shelf package or if software needs to be developed.

Technical Infrastructure

The planning grant funds will be used to determine the information systems needed by the exchange and the methods to put these systems in place. If regulations are released in a timely fashion, planning grant funding will be used to develop IT specifications. Other important considerations that will be analyzed during the planning process include: specific data requirements for an exchange, the sufficiency of our current systems, including our eligibility system, and the interface with the Medicaid Management Information System that is currently being developed in South Dakota.

The planning grant funds will also be used to explore the usage of existing systems within the Division of Insurance to approve, track, and monitor plans determined to be qualified for use in the exchange, outline and develop the specifications for the Web Portal and the interfaces needed to ensure a successful transfer of data, define the security and privacy requirements needed for an exchange, and develop a plan to meet those requirements.

During the third quarter, the SD Bureau of Information & Telecommunications (BIT) signed a contract with Navigant Consulting, Inc. Navigant conducted agency interviews with the Department of Social Services, Division of Insurance, BIT, and the Department of Health to obtain information about current state programs. Navigant Consulting will be analyzing business needs and current systems to determine options for an exchange.

During the fourth quarter, Navigant Consulting identified several areas of consensus throughout South Dakota's IT infrastructure.

- *Current Use of Technologies Operated Outside of State IT Infrastructure.* Certain South Dakota agencies, including the Judicial Branch, have already begun the move to shared cloud computing environments. In a cloud computing environment, a third party vendor contracts with the state to provide the IT functionality and so that vendor is actually hosting the state's IT needs for a price instead of the state investing in the infrastructure.
- *One Hosted Portal.* Because the state is already comfortable with technologies hosted outside of the state's IT infrastructure, a hosted portal became one of the options

represented in the implementation cost model. If the State decides to move forward with developing an Exchange, it plans to organize a formal Request for Information/Request for Proposal process for a portal vendor in a later implementation phase.

- *Existing Capabilities for Telecommunications.* Existing call center capabilities can be applicable to the Exchange requirements. Specifically, the Bureau of Information and Telecommunications recently built a regional call center in Aberdeen for the Department of Labor and Regulation. The State can leverage existing vendor relationships and established technology standards when building the required call center for its Exchange.

- *Lack of Development of Multi-State or Federal-State Exchange Option.* There is currently a lack of guidance from the federal government regarding a federal-state collaborative option. The State determined that cost assumptions should consider a single-state Exchange. The State may revisit its decision if multi-state or federal-state collaborative Exchanges become viable options in the future.

- *Prohibitive Costs of Building a New System.* After reviewing the potentially lower costs of commercial vendor solutions, the State plans to leverage those solutions that will work together with existing state services like telecommunications to create an Exchange environment. As results from the Early Innovator Grants are released, additional options may be available for South Dakota to consider.

- *Desire to Upgrade Medicaid Eligibility.* Navigant discovered significant opportunity and desire to implement self-service capabilities and business processing for Medicaid and other social services eligibility determination. The State shared its vision where all data for Exchange eligibility and Medicaid eligibility could be collected through the same online portal. Even though the State understands that federal Exchange funding regulations will not cover Medicaid and social services eligibility online application build out, South Dakota has a vision for an Exchange that can handle all participants through a common "front door, with no wrong way in."

During the next phase of exchange planning, the Bureau of Information and Technology and the Department of Social Services will determine the technical staff needed to operate an exchange. A roadmap of exchange information systems will be outlined, security and privacy requirements will be defined, and a plan will be developed to meet security and privacy requirements.

Business Operations

During the next phase of exchange planning, transparency requirements of PPACA will be evaluated, including any requirements unique to South Dakota. South Dakota specific requirements recommendations will be included in the implementation plan. Reports required by federal statute and regulation will be catalogued and a plan will be created to ensure the exchange's ability to report information to Department of Health and Human Services. Workflow charts will be developed and exchange processes drafted. Assessments will be made to incorporate plan bidding into the process, decide which state agency will house the exchange, and determine criteria for exchange eligibility.

Regulatory or Policy Actions

A review of the legal and regulatory authority for the operation of an exchange has been conducted by the Division of Insurance. The results of that review are that although there is no specific authority with respect to regulating the sales and marketing of health insurance through an exchange, there is ample rulemaking authority within the Insurance Director's authority to set forth marketing and sales standards for both inside and outside the exchange. The statutory general authority is found in the following sections: 58-17-87, 58-18-79, 58-18B-36, and 58-33A-7.

The legal review did not find any authority for the establishment of an exchange or for staffing or funding the exchange. Enabling legislation would be required for the establishment of an exchange.

As a necessary regulatory building block to establish an exchange, SD has adopted regulations and statutes concerning the PPACA reforms which became effective for plan years beginning on or after 9/23/10. Specifically, South Dakota Senate Bills 38 and 43 were signed into law by Governor Daugaard and will become effective 7/1/11. Also the Division of Insurance issued a set of rules incorporating many of the same PPACA provisions. Administrative rules in effect are located in ARSD sections 20:06:53 through 55.

During the next phase of exchange planning, an assessment will be conducted regarding the federal requirements of a qualified health plan and the ability of the Division of Insurance to certify health plans. Assessments will not be completed until federal regulations defining a qualified health plan and health plan certification are adopted. The legislation, administrative rules, and policies necessary to implement an exchange will also be determined. A standard application will be drafted.

Barriers, Lessons Learned, and Recommendations to the Program

Please report on any issues or problems that have impacted the development and implementation of the project during the reporting period. Detail what impact any issues may have on the achievement of project targets, and set out how you plan to tackle these issues.

Also provide any lessons that you have learned during this quarter that you think would be helpful to share with other states as well as any recommendations you have for the program.

The transition to a new Governor in January, 2011, resulted in delays to certain efforts related to the planning grant; however, all deadlines required by the grant will be met.

A major barrier is the delay in the release of the proposed rules by HHS. The extended comment period on the proposed rules released on July 11, 2011 and August 12, 2011 automatically puts us behind in preparing and proposing legislation for the 2012 legislative session.

Technical Assistance

Please describe in detail any technical assistance needs you have identified through your planning activities. Please be as specific as possible about the kind of assistance needed and the topic areas you need to address. Discuss any plans you have for securing such assistance.

During the third quarter, South Dakota Bureau of Information and Telecommunications signed a contract with Navigant Consulting, Inc. Navigant Consulting has begun analyzing business needs and current systems to determine options for an exchange.

<u>Draft Exchange Budget</u>
In order to understand state budgetary requirements moving forward, we ask that you provide a draft budget to the extent possible for Federal fiscal years 2011 through 2014. You may specify functional areas as you deem appropriate based on the types of costs you anticipate incurring. Examples of possible functional areas include personnel, other overhead, IT and systems costs, and other operational costs. When developing IT and systems cost estimates, please ensure that you separate costs for updating Medicaid systems from costs for Exchange systems.

The health insurance exchange planning grant funds are being used for the following functions: personnel, travel, other overhead expenses, stakeholder involvement, and background research.

During the fourth quarter, Navigant Consulting developed a cost component model which identified implementation and on-going expenses. The cost model does not account for costs for the following:

- Billing and payment for the individual market.

- Health plan certification, recertification and decertification.

- Broker referral tracking and commissioning (although broker lookup/referral is considered an optional function and the costs of such are included in the cost model).

- Other insurance products such as dental, vision, and other eligibility services including employer COBRA.

Navigant estimates that it will cost $45,233,699 to implement a hosted exchange in South Dakota. A hosted exchange is one where the state would contract with a third-party vendor to "host" the state's exchange on the vendor's information architecture on a subscription-basis, rather than create the information technology infrastructure required to host an exchange on its own. It is estimated that approximately $23 million of the cost will be needed to replace the state's person master index. A person master index is a data warehouse center that handles important information related to eligibility determinations. The current person master index is outdated and currently incapable of providing the necessary functionality for an exchange.

The cost model that was developed for South Dakota used the best assumptions that the state could provide at the time realizing that vendor costs and federal regulations may change.

Estimated implementation costs (2011-2013)

Technology Component	Hosted Exchange Subtotal
Required State Resources	$648,091
Portal	$8,245,199
Business Rules Engine	$200,000
Electronic Data Services	$5,660,000

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Load & Delinking	$550,000
Accounting System	$190,000
Call Center	$315,788
Navigator Program	$41,684
Print and Postage	$62,154
Security & Privacy	$375,200
Testing (2%)	$844,568
Procurement (.05%)	$201,320
Implementation Support & Program Management (10%)	$4,111,350
Subtotal Implementation Costs	$21,437,355
Data Management/PMI(Requires additional research and planning)	$23,787,500
Total Implementation Costs	**$45,233,699**

Navigant estimated the annual operating costs of an exchange to be between $6,376,985 and $7,782,382. The operating expenses were estimated based on low and high exchange population projections which range from 196,744 to 334,826 potential consumers.

The operational costs may vary depending upon how the State decides to govern and structure the Exchange.

Estimated annual operation costs by low and high volume (annually beginning in 2014)

Exchange Function	196,744 Consumers	334,826 Consumers
Portal	$2,101,076	$3,448,707
Billing and Payment	$452,064	$475,087
Print and Postage	$51,726	$86,470
Required State Resources	$357,173	$357,173
Electronic Data Services	$ 589,400	$589,400
Administrative Costs	$313,645	$313,645
Labor and Benefits (non Call Center staff, non-Navigator staff)	$823,640	$823,640
Labor and Benefits (Call Center staff)	$291,438	$291,438
Call Center Support	$23,054	$23,054
Navigator Program (including Navigator staff)	$816,325	$816,325
Communications and Outreach	$496,650	$496,650
Travel	$60,794	$60,794
Total Yearly Operating Costs:	**$6,376,985**	**$7,782,383**

The estimated implementation costs of $45 million (includes the $23 million for PMI) and the estimated annual operation costs of $6-7.7 million are based on the best available information provided by the state, federal regulations and current vendor marketplace at this time. These estimates may vary and should be used as a guide.

The State of South Dakota is also examining its Medicaid eligibility system to determine if additional upgrades are needed to support business functions for Medicaid enrollees both inside and outside an exchange. The current Medicaid enrollment and eligibility system is outdated and will require radical modification or replacement to meet South Dakota's Medicaid eligibility and enrollment needs.

Work Plan

We ask that you begin working on a draft work plan for your Exchanges that will carry your planning and implementation efforts through January 1, 2014. On a quarterly basis, we would like to see your progress in developing this plan. We would like you to provide key objectives for implementing your exchange and corresponding milestones under each of these objectives. For your first quarterly report, please provide two milestones under each core area. In your second report, please provide four milestones. For your third report and the final report, we expect your work plan to be as comprehensive as possible.

For each milestone, please provide the following:
- **Name of milestone:**
- **Timing:**
- **Description:**

States may be creating their own work plan and/or timeline format. Please ensure that you provide the required number of milestones and that your plan goes through January 1, 2014.

South Dakota Timeline and Work Plan

Note: South Dakota applied for a no-cost extension for the Exchange Planning Grant. Completion dates in the following work plan were amended due to the approval of the grant extension in September, 2011.

Background Research

Issue an RFP for the background research required.
- *Completion Date – October 15, 2010*
- *Responsible Individuals*
  - *GOV/Project Manager*
  - *DOI/Assistant Director of Policy Analysis/Legislation*

Catalog and complete analysis of existing data resources such as the Behavioral Risk Factor Surveillance System, Current Population Survey (CPS) and other sources of information held by the Division of Insurance and Department of Health.
- *Completion Date – December 31, 2010*
- *Responsible Individuals*

- *GOV/Project Manager*
- *DOI/Assistant Director of Policy Analysis/Legislation*

Engage a vendor to conduct a state specific survey on the uninsured and a survey of small businesses with 2 to 50 employees.
- *Completion Date – April 1, 2011*
- *Responsible Individuals*
  - *GOV/ Project Manager*
  - *DSS/Project Manager*
  - *DOI/Assistant Director of Policy Analysis/Legislation*

Update the catalog of statutory and regulatory exchange requirements with new regulations released.
- *Completion Date – April 1, 2011 and ongoing as new regulations are issued.*
- *Responsible Individuals*
  - *GOV/Project Manager*

Governor will determine decision points for an exchange.
- *Completion Date – April 15, 2011*
- *Responsible Individuals*
  - *GOV/Project Manager*

Legal research will be conducted on proposed statutory and administrative rule requirements.
Completion Date – April 31, 2011
- *Responsible Individuals*
  - *DSS/Project Manager*
  - *DOI/Assistant Director of Policy Analysis/Legislation*

Research current exchanges in other states.
- *Completion Date – May 1, 2011*
- *Responsible Individuals*
  - *GOV/Project Manager*

Analyze and supplement existing data with survey.
- *Completion Date – August 15, 2011*
- *Responsible Individuals*
  - *GOV/ Project Manager*
  - *DSS/Project Manager*
  - *DOI/Assistant Director of Policy Analysis/Legislation*

Stakeholder Involvement
Make a request of the Health Care Commission to provide a list of names of interested people to serve on a Stakeholder task force. The Stakeholder task force will focus on an exchange and organize the necessary meetings to accomplish the tasks outlined.
- *Completion Date – January 15, 2011*
- *Responsible Individual*

- *GOV/Project Manager*

Identify and finalize members to serve on the Stakeholder task force.
o *Completion Date – May, 2011*
o *Responsible Individual*
  - *GOV/Project Manager*

Divide stakeholder task force members into three subcommittees: Organization and Finance, Outreach and Communication, and Insurance Plan and Market Organization.
Completion Date – May, 2011
o *Responsible Individual*
  - *Internal Work Group*

Stakeholder task force will develop a set of recommendations in the areas which will include but not limited to, outreach and public education, employer participation, navigator, the role of the insurance agent, legislation and provider network advocacy. The Stakeholder task force will focus on the exchange and organize the necessary meetings to accomplish the tasks outlined.
o *Completion Date – September, 2011*
o *Responsible Individual*
  - *South Dakota Team led by the Project Manager*

Four scheduled Stakeholder task force meetings will be held to acquire input from all the stakeholder groups brought to the table for the health insurance exchange planning process.
o *Completion Date – August 16, 2011*
o *Responsible Individual*
  - *Lt. Governor*
  - *Stakeholder task force*

Program Integration
Recruit and train planning grant staff in the Department of Social Services.
o *Completion Date – May 1, 2011*
o *Responsible Individual*
  - *DSS/Deputy Cabinet Secretary*

Review DSS current assessment of Medicaid and CHIP application and eligibility determination processes.
o *Completion Date – May 31, 2011*
o *Responsible Individual*
  - *DSS/Project Manager*
  - *DSS/Integration Specialist*

Determine changes needed in current Medicaid and CHIP application and eligibility processes to integrate these with an exchange.
o *Completion Date – August, 2012*
o *Responsible Individual*
  - *DSS/Project Manager*

- *DSS/ Integration Specialist*

Develop detailed plan to integrate changes to Medicaid and CHIP application and eligibility processes with an exchange.
- o *Completion Date – August, 2012*
- o *Responsible Individual*
  - *DSS/Project Manager*
  - *DSS/Integration Specialist*

Develop transition plan for exit strategy from state and federal risk pools to state exchange.
- o *Completion Date – August, 2012*
- o *Responsible Individual*
  - *DOI/ Assistant Director of Compliance*
  - *DSS*
  - *GOV/Project Manager*

Resources & Capabilities

Research and identify the number of Navigator models needed for an exchange and the roles that each Navigator will fill.
- o *Completion Date – August, 2012*
- o *Responsible Individual*
  - *Project Manager with Department Leads*

Identify IT support needs.
- o *Completion Date – August, 2012*
- o *Responsible Individual*
  - *Project Manager with Department Leads*

Conduct an assessment of staffing needed to operate an exchange.
- o *Completion Date – August, 2012*
- o *Responsible Individual*
  - *Project Manager with Department Leads*

Determine Medicaid and CHIP eligibility staffing needs for operation of an exchange.
- o *Completion Date – August, 2012*
- o *Responsible Individual*
  - *Project Manager with Department Leads*

Draft legislation and regulations to establish an exchange and for ongoing operation of the exchange.
- o *Completion Date – August, 2012*
- o *Responsible Individual*
  - *Project Manager with Department Leads*

Governance

Examine other governance models and develop options for the best governance structure for an exchange in South Dakota.
- o *Completion Date – Fall, 2011*
- o *Responsible Individual*
    - ▪ *South Dakota Team*

Recommend a governance structure to the Governor on the best governance structure and infrastructure for an exchange in South Dakota.
- o *Completion Date – October, 2011*
- o *Responsible Individual*
    - ▪ *South Dakota Team*

Governor reviews the proposed governance model and chooses which components should be implemented.
- o *Completion Date – 2012*
- o *Responsible Individual*
    - ▪ *Governor*

Develop implementation plan.
- o *Completion Date – August, 2012*
- o *Responsible Individual*
    - ▪ *South Dakota Team*

Finance

Submit quarterly and final reports.
- o *Completion Dates*
    - ▪ *February 14, 2011*
    - ▪ *April 15, 2011*
    - ▪ *July 31, 2011*
    - ▪ *October 31, 2011*
    - ▪ *December 31, 2011(financial status)*
    - ▪ *February 28, 2012*
    - ▪ *April 30, 2012*
    - ▪ *July 30, 2012*
- o *Responsible Individual*
    - ▪ *GOV/Project Manager*

Prepare public reports.
- o *Completion Date – throughout the project period*
- o *Responsible Individual*
    - ▪ *GOV/Project Manager*

Develop financial transparency of exchange budget.
- o *Completion Date – throughout the project period*
- o *Responsible Individual*
    - ▪ *GOV/Project Manager*
    - ▪ *BFM Commissioner and team*

Conduct financial modeling on an exchange.
o *Completion Date – August, 2012*
o *Responsible Individual*
  ▪ *GOV/Project Manager*
  ▪ *BFM Commissioner and team*

Evaluate the provisions of Section 1313 of the Patient Protection and Affordable Care Act and regulations to determine the accounting methods and auditing standards necessary to meet the financial integrity requirements of the act as well as to meet the Generally Accepted Accounting Principles (GAAP) for accounting and Generally Accepted Auditing Standards (GAAS) for auditing as required in South Dakota.
o *Completion Date – August, 2012*
o *Responsible Individual*
  ▪ *GOV/ Project Manager*
  ▪ *BFM Commissioner and team*

Define the accounting functions needed in an exchange and determine if there is an off the shelf package available or if software needs to be developed.
o *Completion Date – August, 2012*
o *Responsible Individual*
  ▪ *GOV/ Project Manager*
  ▪ *BIT/ IT Project Manager and Financial Systems*
  ▪ *BFM Commissioner and team*

Submit final project report.
o *Completion Date – September 29, 2012*
o *Responsible Individual*
  ▪ *GOV/Project Manager*
Final project report will detail at a minimum the following:
  ▪ A summary of the results of the state specific survey of individuals and businesses.
  ▪ A recommendation for governance and infrastructure. The state reserves the right to determine to not run a state-based exchange.
Should the state determine through the planning grant process that they will run an exchange, the Final Project Report will include the following:
o A draft implementation plan which includes the goals, objectives, responsible parties, costs, timeframes and milestones and also includes
  ▪ The recommendations of the subcommittee of the Health Care Commission in the areas of outreach and public education, employer participation, navigator, the role of the insurance agent, legislation and the provider network adequacy.
  ▪ A summary of the assessment of the current programs and the intersection points.
  ▪ A summary of the accounting standards and auditing standards required to assure financial integrity of an exchange.
o A needs assessment that includes the staffing, funding, and information technology needed to run the exchanges
o A list of resources and capabilities of an organizational chart that includes key personnel, and biographical sketches of personnel

o An evaluation plan to include a detailed description of data collection activities and analyses from which the state will base its design for covering the uninsured.

Technical Infrastructure

Catalog the current information systems available to the exchange and assess their current capacity.
o *Completion Date – December 31, 2010*
o *Responsible Individuals*
- *DSS/Technical Specialist*
- *DOI/Policy Analyst*
- *BIT/IT Project Management and Team*
- *BFM Commissioner and team*

Recruit and train technical planning grant staff.
o *Completion Date – June 30, 2011*
o *Responsible Individuals*
- *Project Manager with Department Leads*

Determine BIT and DSS technical staff needed.
o *Completion Date – September, 2011*
o *Responsible Individual*
- *Project Manager with Department Leads*

Outline a roadmap for systems that need to be developed for the exchange, including the web portal.
o *Completion Date – August, 2012*
o *Responsible Individual*
- *Project Manager with South Dakota Team*

Define the security and privacy requirements needed for an exchange and develop a plan to meet those requirements.
o *Completion Date – August, 2012*
o *Responsible Individual*
- *BIT/IT Project Manager*
- *DSS Project Manager*
- *DOI/Policy Analyst*
- *DOI/Assistant Director of Policy Analysis and Legislation*

Business Operations

Evaluate the transparency requirements of PPACA as well as South Dakota specific requirements and include recommendations in the implementation plan.
o *Completion Date – August, 2012*
o *Responsible Individual*
- *GOV/Project Manager*

Catalog the reports required by federal statute and regulation and create a plan to ensure the exchange's ability to report the necessary information to the Department of Health and Human Services.
o *Completion Date – August, 2012*
o *Responsible Individual*
  ▪ *South Dakota Team*

Update catalog of statutory and regulatory exchange requirements and adjust work plan as necessary.
o *Completion Date – August, 2012*
o *Responsible Individuals*
  ▪ *GOV/Project Manager*

Develop workflow charts and draft processes for each exchange process.
o *Completion Date – August, 2012*
o *Responsible Individual*
  ▪ *GOV/Project Manager*
  ▪ *BIT/IT Project Manager*
  ▪ *DSS/Project Manager and Integration Specialist*
  ▪ *DOI/Assistant Director of Compliance and Policy Analyst*
  ▪ *BFM Commissioner and Team*

Assess whether plan bidding should be incorporated into the exchange process.
o *Completion Date – August, 2012*
o *Responsible Individuals*
  ▪ *GOV//Project Manager*
  ▪ *DSS/Integration Specialist*
  ▪ *DOI/Assistant Director of Compliance*
  ▪ *BIT/IT Project Manager and Team*
  ▪ *BFM Commissioner and Team*

Investigate premium credit and cost sharing assistance models.
o *Completion Date – August, 2012*
o *Responsible Individuals*
  ▪ *GOV/ Project Manager*
  ▪ *DSS/ Integration Specialist*
  ▪ *DOI Assistant Director of Compliance*
  ▪ *BIT/IT Project Manager and Team*
  ▪ *BFM Commissioner and Team*

Define employer eligibility criteria for small businesses.
o *Completion Date – August, 2012*
o *Responsible Individuals*
  ▪ *GOV/Project Manager*
  ▪ *DSS/Integration Specialist*
  ▪ *DOI/Assistant Director of Compliance*

- *BIT/IT Project Manager and Team*
- *BFM Commissioner and Team*

Develop a quality rating system.
- *Completion Date – August, 2012*
- *Responsible Individuals*
    - *GOV/Project Manager*
    - *DSS/Integration Specialist*
    - *DOI/Assistant Director of Compliance*
    - *BIT/IT Project Manager and Team*
    - *BFM Commissioner and Team*

Determine methods for risk adjustment for inside and outside markets.
- *Completion Date – August, 2012*
- *Responsible Individuals*
    - *GOV/ Project Manager*
    - *DSS/Integration Specialist*
    - *DOI/ Assistant Director of Compliance*
    - *BIT/ IT Project Manager and Team*
    - *BFM Commissioner and Team*

Periodically review of plan qualifications.
- *Completion Date – Ongoing at least annually following January 1, 2013 or establishment of exchange*
- *Responsible Individuals*
    - *GOV/Project Manager*
    - *DSS/ Integration Specialist*
    - *DOI/Assistant Director of Compliance*
    - *BIT/ IT Project Manager and Team*
    - *BFM Commissioner and Team*

Regulatory or Policy Actions
Conduct an assessment of the requirements of a qualified health plan and the ability for the Division of Insurance to certify qualified health plans, assuming federal standards have been established.
- *Completion Date – August, 2012*
- *Responsible Individual*
    - *DOI/Assistant Director of Policy Analysis and Legislation*

Develop a standardized application.
- *Completion Date – August, 2012*
- *Responsible Individual*
    - *DOI/Assistant Director of Compliance*
    - *DSS/ Project Manager*

Determine the legislation, administrative rules and policies that must enacted in order to implement an, considering the proper timing of each. ***The completion date of this project will push legislative action into South Dakota's 2013 session. South Dakota's legislative sessions run from January through March with an effective date of July 1.***

o *Completion Date – 2013*
o *Responsible Individual*
  ▪ *Project Manager with South Dakota Team*

Collaborations/Partnerships

Report on who you are working with outside of your office or department, and any changes or issues in your institutional context and/or any progress or issues with your project partners (where applicable).

The internal work group is collaborating with the health insurance industries, related associations, legislative leaders, and key consumer stakeholders. For example – we have sought representation from AARP, Tribes, Indian Health Service, independent insurance agents, insurance companies, and healthcare providers.

- **Name of Partner:**
  o Two State Senators
  o Two State Representatives
  o Wellmark
  o Regional Health
  o Mills Construction
  o Black Hills Power
  o Great Plains Tribal Chairman's Health Board
  o Sanford Health Plan
  o Independent Insurance Agents of SD
  o Dakotacare
  o Avera Health
  o Sioux Falls Chamber of Commerce
  o North Central Heart Institute
  o AARP
  o Human Service Agency
  o NAIFA Agent
  o Applied Engineering, Inc.
  o SD Department of Health
  o SD Department of Social Services
  o SD Bureau of Information and Telecommunications
  o SD Bureau of Finance and Management
  o SD Bureau of Personnel
  o SD Department of Labor and Regulation
  o SD Council of Mental Health Centers
  o SD Parent Connection, Inc.
  o Community Healthcare Association of the Dakotas
  o First Premier Bank
  o Falcon Plastics, Inc.
  o LK Caspers Insurance
  o Little Wound School
  o America's Health Insurance Plans
  o SD Pharmacists Association
  o South Dakota State Medical Association
  o American Cancer Society
  o Delta Dental
  o SD Retailers Association

- **Organizational Type of Partner:**
  o Health Department

- o   Federally Qualified Health Center
- o   Health Maintenance Organization
- o   Hospital
- o   Private Insurance
- o   Employer
- o   Employer Group
- o   Other (Please specify)

- **Role of Partner in Establishing Insurance Exchange:**   The task force will recommend a preferred model for a proposed exchange.
- **Accomplishments of Partnership:** Acquiring input from all the stakeholder groups we have brought to the table for the health insurance exchange planning process.
- **Barriers/Challenges of Partnership:**